

KEWAL KIRAN CLOTHING LTD

Financial Results Review - Q1 FY2016
Quarter ended 30.06.2015

Operational Performance-Snapshot

Particulars	Quarter ended 30.06.15		Quarter ended 30.06.14		Growth
	(Rs crs)	% of sales	(Rs crs)	% of sales	
Total revenue	92.41	100.00%	85.31	100.00%	8.32%
Operating EBITDA	15.23	16.48%	16.05	18.81%	-5.11%
Profit before tax (PBT)	17.48	18.92%	15.27	17.90%	14.48%
Profit after tax (PAT)	11.37	12.30%	10.14	11.89%	12.14%
Apparel Sales value growth	11.11%				
Apparels Volume growth	10.56%				
Realisations Growth	0.55%				
No. of stores opened	6				
Closed	8				

Operational Performance: Q1 FY 2015-16

	Q1 FY 2016 Rs crs	% of Revenue	Q1 FY 2015 Rs crs	% of Revenue	Variation
Net Sales	91.24	98.73%	84.43	98.97%	
Other operating income	1.17	1.27%	0.88	1.03%	
Total Revenue	92.41	100.00%	85.31	100.00%	
Cost of goods sold	40.07	43.36%	37.70	44.19%	-0.83%
Personnel cost	12.61	13.65%	10.46	12.26%	1.38%
Manufacturing and operating expenses	7.63	8.26%	6.72	7.88%	0.38%
Administrative and other expenses	5.47	5.92%	5.14	6.03%	-0.11%
Selling and distribution expenses	11.40	12.34%	9.24	10.83%	1.51%
Total expenditure	77.18	83.52%	69.26	81.19%	2.33%
EBITDA	15.23	16.48%	16.05	18.81%	-2.33%
Finance expenses	0.63	0.68%	0.64	0.75%	-0.07%
Depreciation/ Amortisation	0.97	1.05%	0.91	1.07%	-0.02%
Other income	3.85	4.17%	0.77	0.90%	3.26%
Profit before tax (PBT)	17.48	18.92%	15.27	17.90%	1.02%
Income Tax	6.11	6.61%	5.13	6.01%	0.60%
Profit after tax (PAT)	11.37	12.30%	10.14	11.89%	0.42%

Financial Highlights: Q1 FY 2015-16

- **Factors contributing to increase in profitability :**

- a. Increase in apparel sale volume by 10.56% and realisation per garment by 0.55% as compared to corresponding quarter last year.
- b. Reduction in cost of goods sold by 0.83% of sales and Administrative and other expenses by 0.11% of sales.
- c. Higher other income of Rs 3.85 Crs due to maturity of FMP and redemption of liquid fund under growth scheme.

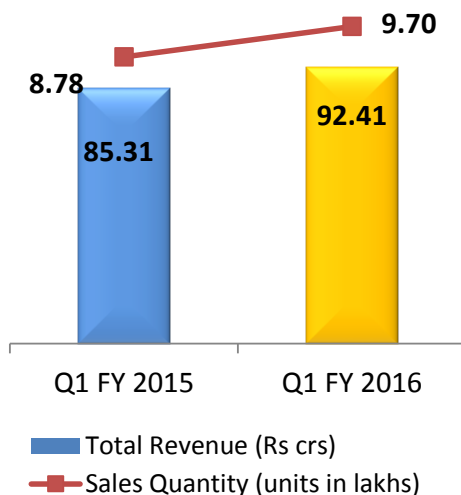
- **Factors responsible for sluggish profitability growth :-**

- a. The first quarter is conventionally sluggish due to summer vacations and IPL season.
- b. Realisation growth per garment could have been better but for higher sales of T-shirts
- c. Higher personnel cost by 1.38% of sales, manufacturing and operating expenses by 0.38% of sales .
- d. Higher advertisement and publicity expenditure of Rs 2.16 Crs.
- c. Strengthening of provisions for End of Season sales support and repairs and maintenance etc.

Trend in Sales and Operating Profit

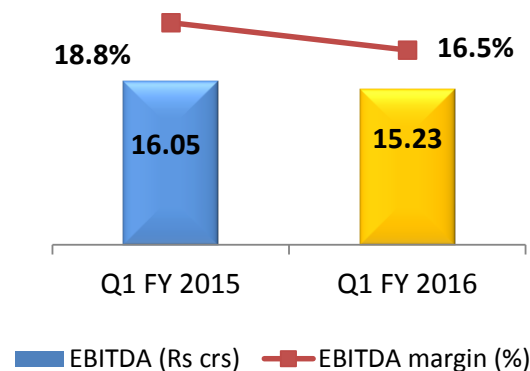
Sales - Q1 FY2015-16

- Total Revenue up by 8.32% to Rs. 92.41 Crs
- Apparel sales value up by 11.11% to Rs.88.66 Crs
- Apparel sales quantity was up by 10.56%
- Apparel sales realization per unit up by 0.55% to Rs.914



EBITDA - Q1 FY2015-16

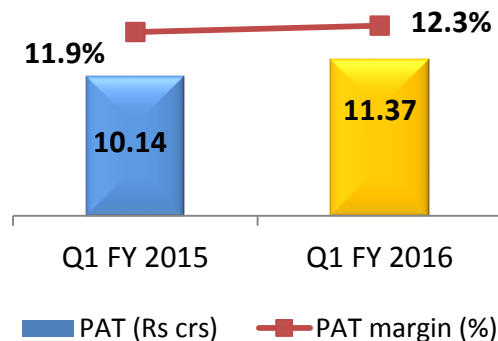
- EBITDA down by 5.11% to Rs.15.23 Crs
- EBITDA margin at 16.48%



Trend in Net Profit and Cash Position

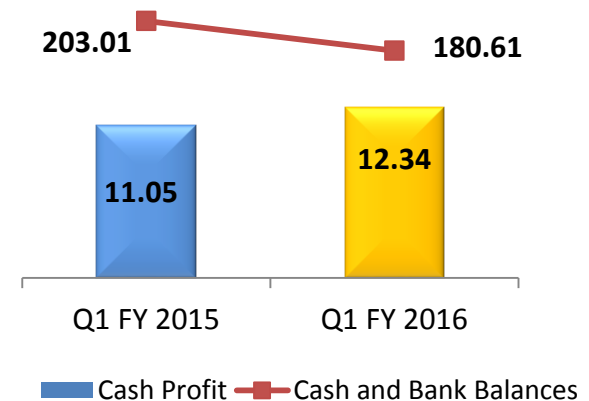
PAT - Q1 FY2015-16

- PAT up by 12.10% to Rs.11.37 Crs
- PAT margin at 12.30%
- Quarterly EPS at Rs.9.23 (8.22)



Cash - Q1 FY2015-16

- Cash & Bank balances and Investments in mutual funds stood at Rs. 180.64 Crs post payment of dividends and dividend distribution tax thereon
- Cash profit up by 11.67% to Rs.12.34 Crs



Balance Sheet

(Rs crs)	As at June 2015 (Audited)	As at Mar. 2015 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	266.91	307.48
Shareholders' Funds	279.24	319.81
Other Long-Term Liabilities	10.95	9.87
Long-Term Provisions	0.49	0.51
Non Current Liabilities	11.44	10.38
Short-term borrowings	20.01	11.35
Trade Payables	37.76	30.45
Other Current Liabilities	17.19	18.22
Short-term Provisions	19.04	20.28
Current Liabilities	94.00	80.30
Total Shareholders' Funds and Liabilities	384.68	410.49
Fixed Assets	59.08	58.21
Non Current Investments	143.17	140.96
Deferred Tax Assets (Net)	0.92	1.18
Long-term loans and advances	5.18	7.93
Other non-current assets	0.44	0.43
Non-Current Assets	208.79	208.71
Current Investments	20.35	37.15
Inventories	46.34	40.41
Trade receivables	80.68	77.43
Cash & Cash Equivalents	22.93	43.17
Short-term Loans & Advances	4.17	2.10
Other Current Assets	1.42	1.52
Current Assets	175.89	201.78
Total Assets	384.68	410.49

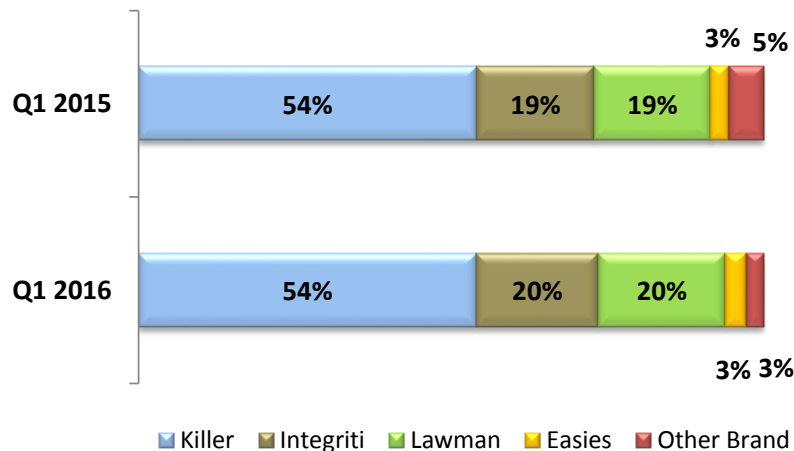
Cash-flow Analysis and Ratios

Cash Flows (in Rs crs)	Q1 FY2016	Ratios	Q1 FY2016	Q1 FY2015
I. Cash Flow from Operating Activity	12.72	Debt Equity ratio	0.07	0.06
Operating Profit before Working Capital Changes	15.61	Current Ratio	2.35	5.63
*Adjustment for Working Capital	1.13	Debtors turnover (days)	74	63
*Direct Taxes Paid	(4.02)	Creditors turnover (days)	40	38
II. Cash Flow from Investing Activity	15.22	Inventory turnover (days)	42	55
*(Purchase)/Sale of Fixed Assets	(1.45)	Finished Goods	17	22
*(Purchase)/Redemption of Investments in mutual funds	16.48	WIP	17	21
III. Cash Flow from Financing Activity	(48.24)	Raw Material	8	12
*Secured Loans (Working Capital Demand Loan)	8.65	RONW	15.18%	13.72%
*Payment of Dividend (Including Dividend Tax)	(56.37)	ROCE in Operations	50.41%	56.40%
Cash and Cash Equivalents - Closing	21.99	ROCE overall of the company	18.10%	19.51%
Financial and cash position continues to be strong		* Current ratio is lower due to investment in FMP for 3 years as again 1 year resulting into classifying investment from current to non-curre		

Brands

- Killer is the flagship brand with 54% share
- Lawman sales grew by 18%
- Easies sales increased by 21%

Brand wise sales break up Q1 FY 2016

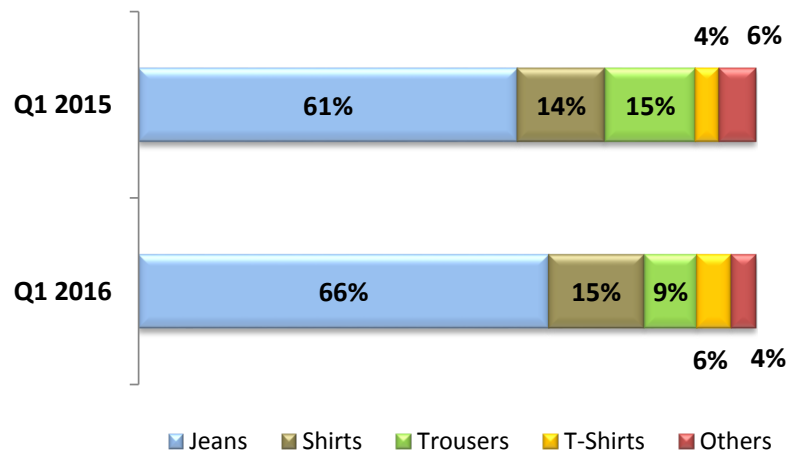


Sales (Rs crs)	Q1 2016	Q1 2015	% Change
Killer	49.31	45.67	8%
Integriti	17.84	15.88	12%
Lawman	18.53	15.77	18%
Easies	2.99	2.48	21%
Other Brand	2.57	4.63	-44%
Total	91.24	84.43	8%

Products

- Jeans is the largest selling product with a share of 66% of sales
- T-Shirts sales were up by 58%

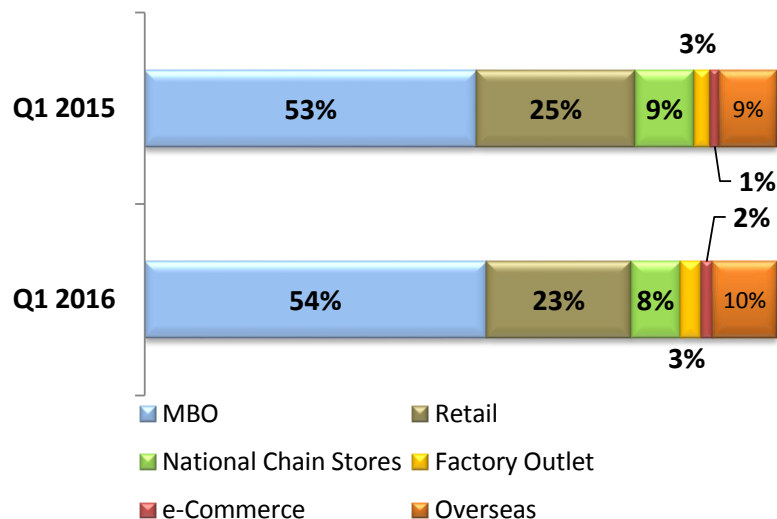
Product wise sales break up Q1 FY 2016



Sales (Rs crs)	Q1 2016	Q1 2015	% Change
Jeans	60.61	51.15	18%
Shirts	14.10	12.94	9%
Trousers	7.86	12.26	-36%
T-Shirts	5.05	3.20	58%
Others	3.62	4.88	-26%
Total	91.24	84.43	8%

Channels

- MBOs maintained the largest share at 54% of sales
- e-Commerce sales have grown by 31%

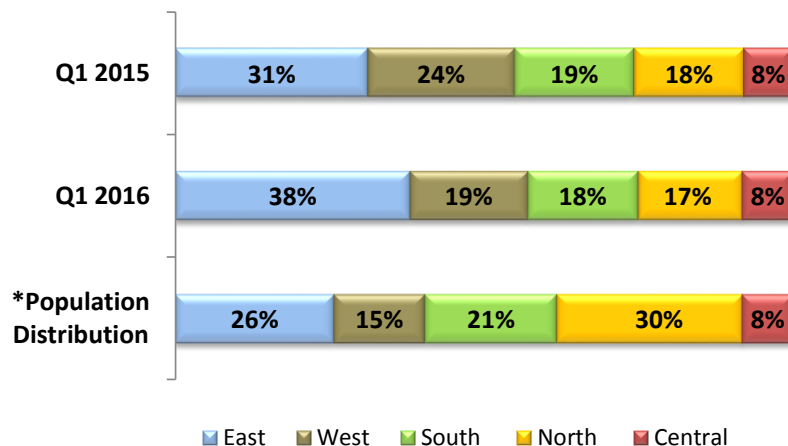


Sales (Rs crs)	Q1 2016	Q1 2015	% Change
MBO	49.63	44.35	12%
Retail	20.45	21.14	-3%
National Chain Stores	7.18	7.90	-9%
Factory Outlet	3.00	2.15	40%
e-Commerce	1.62	1.24	31%
Overseas	9.36	7.65	22%
Total	91.24	84.43	8%

Regional Distribution

- Eastern region retains the largest share at 38% and recorded highest growth at 29%
- Exports recorded growth of 22%

Region wise sales break up Q1 FY 2016



Sales (Rs crs)	Q1 2016	Q1 2015	% Change
East	31.30	24.24	29%
West	15.70	18.14	-13%
South	14.27	14.80	-4%
North	13.92	13.59	2%
Central	6.69	6.01	11%
Domestic Sales	81.88	76.78	7%
Overseas	9.36	7.65	22%
Total	91.24	84.43	8%

Key Developments

- The Company declared first special interim dividend of Rs 35 per equity share in its board meeting held on 16.06.2015.
- **Advertisement and branding initiatives :-**
 - *LawmanPg3 brand has been principal sponsor for Rajasthan Royals during the IPL season 2015.*
 - *All the four brands Killer, LawmanPg3 ,Integriti & Easies had taken over the upper and middle tier in-stadium branding for the entire series between India & Bangladesh.*
 - *Killer Presented Bollywood Nights held at Hard Rock Café*
 - *Killer organised a Music Band Hunt to perform the opening act for KK Live Concert in Association with Hindustan Times*
 - *LawmanPg3 has been the Style Partner for "See Taare Mastiii Mein" on Top Rated Hind Music Channel Mastiii.*
 - *Integriti Presented Music Mojo and achieved over 2 Lakhs Video Views on Youtube*
- Opened 6 new retail stores i.e 3 – K-lounge, 2 – Killer & 1 – Lawmanpg3 exclusive stores. With this Company has presence in 192 cities and 25 states across India.

Retail Stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	1	8	163	172
Killer EBO			75	75
LawmanPg3-EBO			16	16
Integriti-EBO			47	47
LawmanPg3 cum Integriti-EBO			1	1
Easies - EBO			1	1
Factoy Outlet		2		2
Total	1	10	303	314

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores (YTD)	30.06.15	31.03.15
Existing	316	308
New opened	6	48
Converted		6
Relocated/closed	8	34
Work-in process	23	16
Total Retail Stores	337	332

Thank You

Disclaimer: Certain statements in this document or explanation thereof during discussions may be forward looking statements. Such forward looking statements are subject to certain risks and uncertainties like government actions, direct and indirect tax structures , local, political or economic developments, weather conditions deferring season, technological risks, overall market scenario and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. Kewal Kiran Clothing Limited(“KKCL”) will not be in anyway responsible for any action taken based on such statements and undertake s no obligation to publicly update these forward looking statement to reflect subsequent events or circumstances.